The Importance of Saving Money

Open a savings account early in life, so you get into the habit of saving. Later, you may choose toinvest in stocks and bonds. Openinga savings account (now or withing the next year or so) is a critical first step to a secure future.

A good financial plan will make you feel good now thinking about what you will be able to do with your savings in the future. One of the best ways to save is to deposit money from your allowances or earnings as soon as you receive them. The idea behind this is that this makes saving a top priority.

You will be more successful at saving when youset financial goals. The goals may relate to a major purchase. Your goal might be to buy a musical instrument, sports equipment, or a computer.

When you save regularly, the interest will help your money grow. You will earn interest on the original investment and on the itnerst earned. This is known as compounding interest. It is an important part of any savings plan.

Besides helping you reach goals for the future, saving also helps the economy. Your savings are returned to thte economy to increase the flow of money. Thus, your savings may be used to help build a school, home, or highway that, in turn, helps many other industries prosper.